

Message Text

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43

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E.O. 11652: N/A
TAGS: BENG, SA
SUBJECT: AMENDMENT OF SAG TENDERS AND BIDS SYSTEM

REF: JIDDA 4870

1. A ROYAL DECREE WAS ISSUED AUGUST 3 AMENDING THE SAG TENDERS AND BIDS SYSTEM.
2. TEXT OF DECREE HAS NOT BEEN PUBLISHED IN OFFICIAL GAZETTE AS YET. EMBASSY WILL TRANSMIT ONCE RECEIVED.
3. JIDDA ENGLISH-LANGUAGE DAILY, SAUDI REVIEW, PRESENTED A SUMMARY OF PRINCIPAL PROVISIONS AS FOLLOWS. QUOTE. THE ROYAL DECREE WHICH WAS ISSUED IN AMENDMENT OF SOME OF THE CLAUSES OF THE TENDERS AND BIDS SYSTEM INCLUDED THE FOLLOWING PROVISIONS:

A. IT IS NECESSARY TO SUBMIT A PRELIMINARY DEPOSIT ALONG WITH EACH BID EQUAL TO ONE PERCENT OF THE TOTAL VALUE OF THE BID INSTEAD OF TWO PERCENT AS THE CASE USED TO BE BEFORE.

B. THE AMENDMENT PERMITS THE GIVING OF THE DEPOSIT IN THE FORM OF A PROMISE OR AN UNDERTAKING ISSUED BY A SPECIALIZED INSURANCE COMPANY APPROVED BY THE MINISTRY OF FINANCE AND NATIONAL ECONOMY. SUCH COMPANY HAS TO MAKE A PLEDGE THAT IT WILL PAY THE SIDE ADMINISTERING THE TENDER A SUM OF MONEY EQUAL TO THE PRELIMINARY

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DEPOSIT WITHOUT ANY OBJECTION, AT THE FIRST REQUEST MADE

BY THE ADMINISTRATOR OF THE TENDER AND WITHOUT THE NEED FOR A JUDICIAL DECISION OR AN ARBITRATION BY THE ARBITRATION COMMITTEE IN THIS RESPECT.

C. AN AMENDMENT WAS ADDED TO THE FINAL WORDS OF ARTICLE 38 OF THE TENDERS AND BIDS SYSTEM SAYING: "IF THE DEPOSIT IS A CERTIFICATE ISSUED BY ONE OF THE SPECIALIZED AND APPROVED INSURANCE COMPANIES, THEN THE CERTIFICATE WILL BE GIVEN BACK TO IT."

D. THE RATE MENTIONED IN ARTICLES 40 AND 41 OF THE SYSTEM WAS AMENDED TO FIVE PERCENT INSTEAD OF TEN PERCENT.

D. IF THE DEPOSIT IS A FORM OF CERTIFICATE ISSUED BY AN INSURANCE COMPANY, THEN SUCH CERTIFICATE SHOULD COVER AT LEAST 25 PERCENT OF THE VALUE OF THE CONTRACT. IT SHOULD ALSO STATE THAT THE COMPANY IS BOUND TO PAY THIS AMOUNT UPON FIRST REQUEST FROM THE ADMINISTRATIVE SIDE.

F. THE AMENDMENT ALSO PROVIDED FOR THE ADDITION OF THE SENTENCE "AND THE DEPOSIT CERTIFICATE ISSUED BY A SPECIALIZED AND APPROVED INSURANCE COMPANY" DIRECTLY AFTER THE CLAUSE: "THE VALIDITY OF THE BANK LETTER OF GUARANTEE" TO ARTICLE 42 OF THE TENDERS AND BIDS SYSTEM. END QUOTE.
PORTER

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